Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket 97-250
Tariffs Implementing	)	
Access Charge Reform	)	

DIRECT CASE OF CINCINNATI BELL TELEPHONE COMPANY

I. INTRODUCTION

Cincinnati Bell Telephone Company ("CBT"), an independent, mid-sized local exchange carrier, hereby respectfully submits its Direct Case in defense of its access tariff.[1] Many of the items in the Commission's *Order Designating Issues For Investigation And Order on Reconsideration* ("the Order"), do not relate to CBT. Therefore, in its response below, CBT identifies only the paragraphs which relate to CBT and supplies its response.

II. COMMON LINE ISSUES

A. Non-Primary Residential Line Issues

In Paragraph 17, the Commission directs LECs to identify the number of lines in each of the following categories:

[1] CBT notes that it is not named as a party to this investigation. *See* CC Docket No. 97-250, Order Designating Issues For Investigation And Order on Reconsideration, ¶ 102, Released January 28, 1998 (omitting CBT from the list of parties to investigation). However, because the Commission did suspend CBT's access tariff in the Access Charge Reform Suspension Order, (*Tariffs Implementing Access Charge Reform*, CC Docket No.97-250, Memorandum Opinion and Order DA 97-2724 (Com. Car. Bur., rel. Dec. 30, 1997)), and because the instant order recognizes CBT as a price cap LEC whose access tariff raised issues warranting investigation (*see* Docket No. 97-250, Order Designating Issues For Investigation And Order on Reconsideration, note 3, Released January 28, 1998), CBT responds to this Order as if a designated party.

	Category	Quantity
(1)	primary residential lines	7,418,161
(2)	single-line business lines	322,351
(3)	non-primary residential lines	447,199
(4)	BRI ISDN lines.	28,536

In addition, the Commission also directed LECs to prepare the Worksheets in Appendix B. Provided below are the completed worksheets which provide the necessary detail of how CBT determined its Primary and non-primary residential line counts.

	I Line Count Data Formation				II Line Count Data Identification			
	Data				Criteria			
	Sources	Search	Collection	Time Period	First	Second	Third	Fourth
Primary Residential Lines	D1	S1	C1	T0	A0	R5		
Single Line Business	D1	S1	C1	T0	N0			
Non-Primary Residential Lines	D1	S1	C1	T0	A0	R5		
BRI – ISDN Lines	D1	S1	C1	T0	N0			

Explanation:

T0 - Lines were counted at the end of each month (January - December 1996) and summed to obtain annual data for ratemaking.

A0 - Billing number is designated as the primary line and all other lines on the same bill are non-primary.

R5 - Uniform Service Order Codes (USOC) were used to count all lines. All tariff items have unique alpha-numeric codes.

N0 - USOCs, Class of Service codes and Field Identifiers were used to count lines and identify service type (e.g. Single line business, BRI ISDN etc.)

Customer	Billing/ Account No	Line Location	Phone Numbers	Installation Date (Order)	Service/Inv. Work Order No.	Billing Address	P/NP Decision
N. Adams	555-1111 6789	123 Elm #1	555-1111	1/1/96 (1)	6789 - 1111	P.O.	P
			555-1112	1/1/96 (2)	6789 - 1112	Box 123	NP
P. Adams	555-2222 6789	123 Elm #1	555-2221	5/5/96	6789 - 2221	P.O.	NP
			555-2222	4/5/96	6789 - 2222	Box 124	P
P. Adams	555-3333 4567	123 Elm #2	555-3333	3/3/96	4567 - 3333	P.O. Box 124	P
P. Boyd-Adams	555-4444 5678	123 Elm #2	555-4444	4/5/96	5678 - 4444	P.O.	P
			555-4448	7/5/96	5678 - 4448	Box 124	NP
F. Boyd-Adams	555-4447 5678	123 Elm #2	555-4447	5/5/96	5678 - 4447	P.O. Box 124	P

Section 2.6 of CBT's FCC NO. 35 Tariff defines Primary/Non- Primary lines as:

> Primary Residence line is the first line of each individual bill at a residence. If a residence receives more than one bill, the first line on each bill is a primary residence line. Separate residences under this definition will be billed as Primary Residence lines. Non-Primary line is any additional line on a residence bill after the Primary Residence line.

CBT believes that its definition is reasonable because it reflects the way each customer has ordered service and is ultimately billed for that service. This method avoids arbitrary assignments and relies upon customer/LEC relationships to maintain billing accuracy.

B. PICC and SLC Demand Amounts

In paragraph 22, the Commission states that: "All the LECs' filed PICC line counts that were higher than the SLC counts, with the exception of Ameritech."

The Commission's statement is not accurate with respect to CBT. In its December 17, 1997 filing, Transmittal 712, CBT filed equal PICC and SLC line counts.

See attached TRP forms: CAP-1, page 1 of 8, columns B and C, lines 100-135 and RTE-1, page 1 of 20, column A, lines 100-111 and lines 174-177.

In paragraph 24, the Commission indicates that CBT, GTE, and U S West do not assess a PICC on inward-only lines. The Commission further stated that CBT did not include these inward-only lines in its PICC demand. In paragraph 25, the Commission tentatively concludes that Ameritech and CBT are required by the Commission's rules to include those inward-only lines in their SLC and PICC counts.

CBT has inadvertently produced conflicting tariff language that led the Commission to conclude that inward-only lines were excluded from its SLC and PICC counts. Section 3.7 of CBT's FCC 35 tariff erroneously states that PICCs do not apply to one-way, inbound only service. CBT did appropriately include inward-only lines in its SLC and PICC counts for the December 17, 1997 Access Reform filing. Additionally, Section 4.6 of CBT's FCC 35 tariff correctly states that both the SLC and PICC charges apply to these lines.

Accordingly, because CBT has already included inward-only lines in its SLC and PICC counts, new counts are not necessary as suggested by Paragraph 28 of the Order.

III. METHODOLOGY FOR CALCULATING EXOGENOUS COST CHANGES FOR LINE PORTS AND END OFFICE TRUNK PORTS

In paragraph 47, the Commission asserts that it has never before adopted by rulemaking a single methodology for computing exogenous cost changes resulting from a reallocation of cost recovery among price cap categories, baskets or rate elements, and concludes that it is therefore appropriate to do so in this investigation.

CBT strongly believes that it is procedurally inappropriate for the Commission to determine a new costing methodology to reallocate costs via this tariff investigation. It was clear from the Access Reform Order that the Commission expected LECs to determine *costs,* not revenues, to be identified for line and trunk ports. The traditional vehicle for these types of cost determination has been the Part 69 Revenue Requirement process.

Traditional inputs have been the actual or prospective costs for a selected time period and the Commission's authorized ROR. The Commission had ample time from the issuance of the Access Reform Order and the time LECs filed their cost data to put forth a different costing methodology from the traditional methodology if the Commission had determined that a new methodology was appropriate. Therefore, CBT believes that the costing methodology it has put forth should be accepted.

In paragraph 48, the Commission reaches a tentative conclusion that revenues, and not Part 69 revenue requirements, are the best measure of costs recovered through a particular price cap element.[2] CBT strongly objects to this tentative conclusion reached by the Commission. CBT bases its objections on several concerns:

- First, CBT has not been under Price Cap Regulation for seven years as the Commission suggests. To the contrary, CBT's inaugural rates to be regulated under Price Caps were effective on July 1, 1997. Therefore, to conclude that the Part 69 Revenue Requirements are not the best measure of the costs to be recovered through a particular price cap rate element for CBT is without foundation.

- Second, even if CBT were to have been under Price Caps prior to July 1, 1997, Part 69 Revenue Requirements would still be the best measure of cost. The Commission's tentative conclusion that revenues are the best measure of cost is inconsistent with its recognition that the costs to be identified are non-

[2] CC Docket No. 97-250, Order Designating Issues For Investigation And Order on Reconsideration, ¶ 48, Released January 28, 1998.

traffic sensitive and are not sensitive to the Minute of Use demand unit. The objective of the Access Reform Order was to identify the non-traffic sensitive cost to be removed from a particular rate element – not how much revenue was collected in a particular year. The Part 69 Revenue Requirement process allows LECs to adhere to the objective of identifying the cost while maintaining the integrity of the non-traffic sensitive nature of the cost.

- Third, the Commission seems to recognize that as time passes, rates and prices move from their original establishment for other reasons than cost.[3] However, that underlying relationship from the original establishment of cost is still present, and the best method of determining that relationship is through the use of the Part 36 and Part 69 Revenue Requirement rules. The Commission seems to recognize the use of the Revenue Requirement method when it comes to the TIC calculations by requiring LECs to use their 1993 LTR data when establishing the TIC transition.[4] Therefore, use of a Revenue Requirement method for some elements and revenue for others would be inconsistent and inappropriate.

Therefore, for the reasons set forth above, the Commission should allow CBT's cost estimates to stand as filed.

In paragraph 49, the Commission tentatively concludes that exogenous cost changes should be determined using actual basket earnings to calculate revenue requirement. CBT strongly objects to the Commission's tentative conclusion that if Revenue Requirements are used that the Revenue Requirement calculations be made at actual basket earnings levels.[5]

- First, actual earnings are not relevant to the determination of cost or Revenue Requirement for rate-making purposes. When LECs established their original rates, they were targeted at a level set by the Commission. Earnings levels can vary from one year to the next due many different factors such as expenses, investments, taxes, etc. To select a particular year's earnings and assert that the selected year is representative of the level of cost is inappropriate. The appropriate process is to identify the underlying level of cost inherent within the rate. To do this, one should not rely on the earnings level, but instead should rely on the actual costs with the same level of return authorized by the Commission at the time of rate-setting.

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[3] Id.
[4] Id., ¶ 79
[5] Id., ¶49

- Second, Price Cap LECs have never been monitored at a Basket Level. Therefore, to attempt to derive earnings on a basket basis for which rules have not been established would be arbitrary.

- Third, it is important that the objective of identifying the non-traffic sensitive costs not be compromised by using earnings that were derived on a traffic sensitive basis.

Because there is variability in a LECs actual costs from year to year, it is important when reassigning costs that they reflect the appropriate level in the existing rate and that they maintain their cost characteristic.

In paragraph 50, the Commission concludes that using revenues, and not revenue requirements, will be the best method to achieve a zero revenue level after all services have been removed from the basket or service category. The Commission's approach is inappropriate because the rate for a rate element alone will not generate revenue. It takes a demand unit for the rate element (i.e., MOU, Lines, etc.) multiplied times the rate for the rate element to actually generate revenue. If all services and rate elements were removed from a service category or basket, the demand would also be removed, thereby leaving zero revenues in the service category or basket. Therefore, the logic suggested by the Commission is flawed to the extent that the Commission suggests that only the revenue-driven method would yield zero sum revenue if all services were removed from the service category and/or basket.

Moreover, as CBT has mentioned above, it is also important to remember the nature of the costs being identified. For example, the Commission wants LECs to identify the non-traffic sensitive cost that is not incurred as a result of minutes of use. Therefore as previously stated above, the Revenue Requirement process is a superior measure of the appropriate cost levels.

In paragraph 51, the Commission directs each LEC to supply a comprehensive list of all exogenous adjustments a LEC has made since it entered into price cap regulation. Listed below are the exogenous adjustments that CBT has made since it began being regulated under price caps. As the following list demonstrates, CBT has made only two price cap filings, the first being its inaugural filing on July 1, 1997, and the second on January 1, 1998. The second filing was to implement Access Reform. The predominant methodology used by CBT to develop exogenous costs has been the Revenue Requirement methodology.

	EXOGENOUS COST ITEM	COST BASIS
	7/1/97 Filing	
1.	Long Term Support	Cost estimate received from NECA and assigned to CL
2.	Regulatory Fees	Interstate Revenue times Fee Factor. Assigned to Baskets based on proportion of revenues (ARMIS 43-01).
3.	Excess Deferred Taxes	Incremental Change from year to year. Assigned to Baskets based on proportion of Deferred Income Taxes (ARMIS 43-01).
4.	Investment Tax Credit	Incremental Change from year to year. Assigned to Baskets based on proportion of Investment Tax Credit (ARMIS 43-01).
5.	Other Billing & Collection	Cost determined using Part 69 Revenue Requirements.
6.	Telecommunications Relay	TRS Contribution Rate times FCC Form 431 Revenues. Assigned to Baskets based proportion of revenues (ARMIS 43-01).

7.	TIC Reassignment	Assignment of all revenue reductions from all baskets to the TIC rate element based on indexing formula (GDP-PI- X – Z)

1/1/98 Filing

1.	Universal Service	Cost determined by multiplying contribution rate by funds times the appropriate revenue base. Assignment to baskets is based on revenue distribution by basket using the FCC Form 457.
2.	TIC to Tandem Switch	Assigned 1/3 Current TIC Revenue based on 1993 Tandem Revenue Requirement to Total TIC Revenue Requirement
3.	Marketing Expense Shifts	Cost determined using Part 69 Revenue Requirements
4.	Local Switching Line Ports	Developed Investment Percentage (SCIS) multiplied times Part 69 Local Switching Revenue Requirement
5.	Local Switching Trunk Port	Developed Investment Percentage (SCIS) multiplied times Part 69 Local Switching Revenue Requirement
6.	Tandem Trunk Port	Mirrored the rate developed for the End Office Trunk Port and multiplied it times quantity of Tandem Trunk Ports
7.	Multiplexing	Converted existing DS3/DS1 MUX rate to VG equivalent and divided by Common Minutes per trunk.
8.	COE Maintenance	Cost determined using Part 69 Revenue Requirements

9.	Host Remote	Cost determined using Part 69 Revenue Requirements
10.	Actual MOU	Determined differential between 1993 and Current by changing Actual MOU and DS1 network to DS3 network.
11.	Long Term Support	Existing level of support from the 7/1/97 filing was removed from the common line basket.
12.	STP Ports	Entire element revenue transferred from the Trunking basket to the Traffic Sensitive Basket.
13.	General Support Facilities	Cost determined using Part 69 Revenue Requirements

CBT strongly believes that the Commission's revenue methodology is not the best method for estimating costs for ports or any of the other costs to be shifted between baskets, categories or rate elements in this filing. As CBT has stated above, the Revenue Requirement methodology is the best methodology to estimate the costs to be shifted. The Revenue Requirement method will best reflect the level of cost that was originally built into the rate. The Revenue Requirement method will best reflect the true characteristic and proportion of the cost (i.e., non-traffic sensitive) inherent within the rate. The Revenue Requirement method will best reflect the consistency of adherence to the Commission's rules (i.e., Part 64, Cost Allocation; Part 36, Jurisdictional Separations; Part 69, Access,; etc.) for cost assignment. The Revenue Requirement method will best allow LECs to meet the Commission's objective of identifying cost because earnings/revenues are not relevant to the determination of cost.

In paragraph 52 the Commission discusses the Common Line rate development process relative to using the revenue method of shifting cost from the Local Switching rate element. CBT disagrees with the use of revenues as a surrogate for cost. CBT has shown above that the Revenue Requirement method is the best method to use for determining costs to be shifted from the local switching element to the common line basket. As stated above, the use of Revenue Requirement data will better reflect the cost characteristic of the cost to be shifted from the local switching element to the common line basket. These shifted dollars will also be on fully-distributed embedded cost basis that will allow the necessary consistency to occur between the existing BFP Revenue Requirement and the newly shifted costs.

IV. TRANSPORT ADJUSTMENT ISSUES

A. COE Maintenance and Marketing Cost Adjustments to the TIC

In paragraph 67, the Commission stated that it was unable to determine whether the price cap LECs have removed from the TIC marketing expenses and COE maintenance expenses. With regard to CBT, this determination is quite simple. As part of its December 17, 1997 rate filing, CBT filed attachment EXG-RES-TIC that clearly identified the amount of Marketing and COE Maintenance Expense removed from the TIC. In addition, TRP Table SUPP-EXG2 was attached to this same filing, and it clearly identified the amount of the exogenous adjustment made to the Trunking Basket for both the COE Maintenance and Marketing Expense. In order to facilitate the Commission's review, CBT has attached both of these documents to this direct case.

CBT allowed the COE Maintenance cost shift to be treated as undesignated for all baskets for exogenous treatment. This allowed the exogenous adjustment to be

equitably distributed across all elements within a basket based on their proportionate share of revenue. CBT believes that this is appropriate because it would have been impossible to specifically identify by rate element the specific amount of COE Maintenance expense either transferred in or transferred out. Therefore, the amount removed from the TIC was based on its proportionate share of the Trunking Basket Revenue. As CBT explained in its D&J, filed on November 26, 1997, it used a Revenue Requirement method to identify the COE Maintenance expense to shifted from Basket to Basket. CBT believes that this is the best method for CBT in identifying the cost shifts.

CBT allowed the Marketing expense exogenous adjustment for the Trunking Basket to be removed entirely from the TIC. This can be seen on TRP form SUPP-EXG2. CBT determined that in order to avoid distorting the pricing between its dedicated switched and dedicated special access rates, it must assign the entire adjustment to the TIC. As mentioned above, CBT used a Revenue Requirement method to identify the Marketing Expense exogenous cost. CBT believes that this method most accurately estimates the cost shifts for CBT.

In paragraph 68, the Commission tentatively concludes that the price cap LECs must allocate the marketing and COE Maintenance exogenous cost changes to the TIC as it existed prior to July 1, 1997. In its December 17, 1997 filing, CBT included attachment EXG-RES-TIC. This attachment clearly demonstrates that CBT allocated its exogenous adjustment using TIC revenues prior to July 1, 1997. In addition, the number on Line 17 of the EXG-RES-TIC attachment can be traced to the TRP CAP-1 form line 2600.

B. Estimated Impact on TIC Arising from the Use of Actual MOU vs. 9000 MOU

CBT believes that the Commission originally intended for a true-up to occur with the TIC. In the July 1, 1997 filing, it required LECs to estimate the amount of the TIC that was facilities based. In the January 1, 1998 filing, it required LECs to identify these facilities based costs using cost studies. The initial use of estimates followed by a transition to studies implies that the Commission ultimately intended a "true up" to occur.

CBT believes that the Commission's intent in paragraph 222 of the Access Charge Reform Order which states "that the pricing of tandem-switched transport transmission should be based on the actual average minutes of use on the shared circuits and that such pricing would produce a cost-based rate" was clear and simple,[6] and the complex and artificial process suggested by Paragraph 70 of the instant Order is therefore neither required nor appropriate.[7] As part of the November 26, 1997 Tariff Review Plan filing, CBT filed attachment EXG-TST-REIN. The attachment demonstrates that actual minute of use and network transport studies were used to shift the TIC. However, for CBT, this causes a shift of cost back into the TIC to produce a cost based rate. CBT believes this is the best method to use because it abides by the Access Reform Order that rates should be cost based. Therefore any methods mentioned in paragraph 79 of this order should be dismissed, and the method used by CBT should be adopted as the best cost based method.

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[6] *Access Charge Reform Order*, CC Docket No. 96-262, First Report and Order, 12 FCC Rcd 15982 at ¶222.

[7] CC Docket No. 97-250, Order Designating Issues For Investigation And Order on Reconsideration, ¶ 79.

V. RECOVERY OF NEW UNIVERSAL SUPPORT OBLIGATIONS

In paragraph 95, the Commission requires all LECs to submit explanations detailing why the methodology each has used more accurately reflects the distribution of interstate end-user revenues across baskets. CBT appropriately used its retail revenues from its FCC Form 457 as the basis for allocating its USF contributions to the price cap baskets (See CBT 11/26/97 D&J, Exhibit EXG-USF, which is attached to this pleading). The FCC Form 457 is the retail revenue reporting form used by USAC to determine the overall contribution factor and amounts to be assessed against eligible contributors/carriers. The Form 457 has detailed instructions that each contributor must follow in preparing the form. Since the revenues from this form provide the basis for determining the total level of contributions by carrier, it is only appropriate that the distribution of the contributions to the price cap baskets match the same proportion as the revenues on this form.

VI. CONCLUSION

For the reasons set forth above, CBT respectfully requests that this Commission adopt the Revenue Requirement method proposed by CBT and therefore accept CBT's proposed tariff as submitted.

Respectfully submitted,

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Price Cap Tariff Review Plan
CALCULATION OF RATE CAPS: DEMAND & RATES
Inputs & Initial Revenue Calculations

		Source	Trans.# or LtrFiling Dt	EUCL (b)	PICC (c)
	Demand Inputs:				
100	Total Primary Res & SLB Lines	RTE1, r110 or r176		7,740,512	7,740,512
110	Total NonPrim Res & BRI ISDN Lines	RTE1, r111 or r177		475,735	475,735
120	Total MLB&PRI ISDN (include PRI * 5, & exclude Centrex)	RTE1, r100 or r174		1,945,343	1,945,343
130	Total Business Centrex Lines in groups with 9 or more lines	Input		575,844	575,844
135	Total Business Centrex Lines in groups less than 9 lines	Input		197,964	197,964
137	Total Business Groups with less than 9 lines in the group	Input		N/A	3,051
140	Total Lifeline Lines	RTE1, r120 or r178		0	0
150	Total Local Exchange Lines	r100+r110+r120+r130+r135+r140		10,935,398	10,935,398
160	Total Special Access Surcharge Lines	RTE1, r130		5,635	N/A

			Total Jurisdiction (a)	Common Line (b)	Basket Trunking (TIC) (c)	Marketing (d)
170	Total Terminating Premium MOU	col.b&d: RTE1, r140; col.c: RTE1,r1003		1,683,936,000	1,281,605,000	1,683,936,000
180	Total Terminating Non-Premium MOU	col b&d: RTE1, r150; col.c: RTE1,r1006		0	0	0
190	Equivalent Terminating DA Chargeable MOU	Input		N/A	1,252,564	N/A
200	Total Terminating Chargeable MOU	r170+.45*r180+r190		1,683,936,000	1,282,857,564	1,683,936,000
210	Total Originating Premium MOU	col.b&d: RTE1, r160; col.c: RTE1,r1009		1,029,809,000	1,463,178,000	1,029,809,000
220	Total Originating Non-Premium MOU	col.b&d: RTE1, r170; col.c: RTE1,r1012		0	0	0
230	Total Originating Chargeable MOU	r210+.45*r220		1,029,809,000	1,463,178,000	1,029,809,000
240	LEC Transport Terminating Premium MOU	RTE1, r1015		N/A	1,281,605,000	N/A
250	LEC Transport Terminating Non-Premium MOU	RTE1, r1018		N/A	0	N/A
260	LEC Transport Terminating Chargeable MOU	r240+.45*r250		N/A	1,281,605,000	N/A
270	LEC Transport Originating Premium MOU	RTE1, r1021		N/A	1,463,178,000	N/A
280	LEC Transport Originating Non-Premium MOU	RTE1, r1024		N/A	0	N/A
290	LEC Transport Originating Chargeable MOU	r270+.45*r280		N/A	1,463,178,000	N/A

	Rate Inputs:				
310	Max Primary Res & SLB EUCL Rate at Last PCI Update	Input	3.500000	N/A	N/A
320	Max NonPrim Res & BRI ISDN EUCL Rate at Last PCI Update	Input	3.625110	N/A	N/A
330	Max MLB, PRI ISDN, & Bus.Centrex EUCL Rate at Last PCI	Input	5.585783	N/A	N/A
340	Max Lifeline EUCL Rate at Last PCI Update	Input	3.500000	N/A	N/A
350	Special Access Surcharge Rate at Last PCI	RTE1, r130, col.b	25.00	N/A	N/A
360	Terminating CCL Premium Capped Rates at last PCI Update	Input	0.00591100	N/A	N/A
370	Originating CCL Premium Capped Rates at last PCI Update	Input	0.00591100	N/A	N/A
380	Special Access Surcharge Proposed Rate	RTE1, r130, col.d	25.00	N/A	N/A

Price Cap Tariff Review Plan
Common Line Basket

		BASE PERIOD DEMAND	RATES AT LAST PCI UPDATE	CURRENT RATES	PROPOSED RATES	BASE PERIOD DEMAND x RATES AT LAST PCI UPDATE	BASE PERIOD DEMAND x CURRENT RATES	BASE PERIOD DEMAND x PROPOSED RATES	INDEX RESULTS
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	End User Common Line (EUCL)								
100	Multiline Business & PRI ISDN EUCL (1)	1,945,343	5.58578323	5.58578323	5.53757648	10,866,264	10,866,264	10,772,486	N/A
101	Business Centrex EUCL	773,808	5.58578323	5.58578323	5.53757648	4,322,324	4,322,324	4,285,021	N/A
110	Primary Res & Single Line Bus EUCL (1)	7,740,512	3.50000000	3.50000000	3.50000000	27,091,792	27,091,792	27,091,792	N/A
111	NonPrimary Residence & BRI ISDN EUCL (1)	475,735	3.62511000	3.62511000	5.00000000	1,724,592	1,724,592	2,378,675	N/A
120	Lifeline EUCL (1)	0	0.00000000	0.00000000	0.00000000	0	0	0	N/A
130	Special Access Surcharge	5,635	25.00	25.00	25.00	140,875	140,875	140,875	N/A
135	Other EUCL	N/A	N/A	N/A	N/A	0	0	0	N/A
	Carrier Common Line								
140	Terminating CCL Prem.	1,683,936,000	0.00591100	0.00591100	0.00000000	9,953,746	9,953,746	0	N/A
150	Terminating CCL Non-Prem.	0	0.00000000	0.00000000	0.00000000	0	0	0	N/A
160	Originating CCL Prem.	1,029,809,000	0.00591100	0.00591100	0.00606758	6,087,201	6,087,201	6,248,448	N/A
170	Originating CCL Non-Prem.	0	0.00000000	0.00000000	0.00000000	0	0	0	N/A
171	Other Minute-related	N/A	N/A	N/A	N/A	0	0	0	N/A
	Presubscribed Interexchange Carrier Charge (PICC)								
174	Multiline Business & PRI ISDN PICC (1)	1,945,343	0.00000000	0.00000000	2.75000000	0	0	5,349,693	N/A
175	Business Centrex PICC	773,808	N/A	N/A	N/A	0.000000	0	184,343	N/A
176	Primary Res & Single Line Bus PICC (1)	7,740,512	0.00000000	0.00000000	0.53000000	0	0	4,102,471	N/A
177	NonPrimary Residence & BRI ISDN PICC (1)	475,735	0.00000000	0.00000000	1.50000000	0	0	713,603	N/A
178	Lifeline PICC (1)	0	0.00000000	0.00000000	0.00000000	0	0	0	N/A
179	Other PICC	N/A	N/A	N/A	N/A	0	0	0	N/A
180	Other Common Line	N/A	N/A	N/A	N/A	0	0	0	N/A
190	Total Basket	N/A	N/A	N/A	N/A	60,186,794	60,186,794	61,267,407	N/A

Cincinnati Bell Telephone Company
1998 Annual Access Reform Filing
Transmittal # 712

EXG-RES TIC

Residual TIC

	Description	Source	
1	June 30, 1997 TIC Revenue	6/97 Access Filing	$ 12,360,055
2	Actual Targeted Revenue	6/97 Access Filing	$ 5,541,717
3	Adjusted TIC Revenue	L1-L2	$ 6,818,338
4	Less: Extant TIC Tandem Switching	80% Tandem Rev. Req. WP	$ 2,977,518
5	SS7 Cost	80% Tandem Rev. Req. WP	$ -
6	Tandem Switching Costs	80% Tandem Rev. Req. WP	$ 618,022
7	Analog Switch DS1/VG Multiplexers		$ -
8	Host/Remote	EXG-HR	$ 297,060
9	Additional Tandem Multiplexers	EXG-MUX	$ 188,233
10	Actual vs. 9000 MOUs	EXG-TST REIN	$ (1,139,536)
11	Marketing	EXG-MKT	$ 485,688
12	GSF	EXG-GSF	$ 389,268
13	COE Reallocation		$ 341,885
14	Total Costs	Sum L4...L13	$ 4,158,138
15	Residual TIC	L3-L14	$ 2,660,200
16	2/3 of 80% of Tandem Revenue Requirement (Facilities Based)	80% Tandem Rev. Req. WP	$ 1,985,012
17	Total TIC	L15+L16	$ 4,645,212

SUPP-EXG2
Filing Date: 12/17/97
Filing Entity: CBTC
Transmittal Num.: 712
AssocTRP File: CBTC0198

Supplemental Price Cap Tariff Review Plan
Exogenous Cost Shifts (Inter- & Intra- Basket)

		USF	LTS	TIC to TST	Marketing	Line Ports	EOTrk Ports& AnalogEOMuxes	STP Ports	Tandem Trunk Port Costs
	Common Line Basket								
100	Total Common Line	4454856	-2974032	0	-1927236	3047475	0	0	0
	Traffic Sensitive Basket								
110	Local Switching	0	0	0	0	-3047475	-1766049	0	0
120	Information	0	0	0	0	0	0	0	0
130	Database Access	0	0	0	0	0	0	0	0
140	800 DB VertSvcs Sub-Cat	0	0	0	0	0	0	0	0
150	Billing Name and Address	0	0	0	0	0	0	0	0
154	Local Switching Trunk Ports	0	0	0	0	0	1766049	0	0
158	STP Port Terminations	0	0	0	0	0	0	53385	0
159	TS Undesignated to Svc Bands	0	0	0	-463668	0	0	0	0
160	Total Traffic Sensitive	0	0	0	-463668	-3047475	0	53385	0
	Trunking Basket								
200	Interconnection Charge	0	0	-992506	-485688	0	0	0	-618022
210	Tandem Sw Tprt (undesignated)	0	0	992506	0	0	0	0	618022
220	Density Zone 1	0	0	0	0	0	0	0	0
230	Density Zone 2	0	0	0	0	0	0	0	0
240	Density Zone 3	0	0	0	0	0	0	0	0
250	VG/WATS,MT,TGH (undesignated	0	0	0	0	0	0	0	0
260	Density Zone 1	0	0	0	0	0	0	0	0
270	Density Zone 2	0	0	0	0	0	0	0	0
280	Density Zone 3	0	0	0	0	0	0	0	0
290	Audio & Video	0	0	0	0	0	0	0	0
300	High Cap & DDS (undesignated)	0	0	0	0	0	0	0	0
310	DS-1 SUB-CAT (undesignated)	0	0	0	0	0	0	0	0
320	Spec Density Zone 1	0	0	0	0	0	0	0	0
330	Spec Density Zone 2	0	0	0	0	0	0	0	0
340	Spec Density Zone 3	0	0	0	0	0	0	0	0
350	DTT Density Zone 1	0	0	0	0	0	0	0	0
360	DTT Density Zone 2	0	0	0	0	0	0	0	0
370	DTT Density Zone 3	0	0	0	0	0	0	0	0
380	Comb Density Zone 1	0	0	0	0	0	0	0	0
390	Comb Density Zone 2	0	0	0	0	0	0	0	0
400	Comb Density Zone 3	0	0	0	0	0	0	0	0
410	DS-3 SUB-CAT (undesignated)	0	0	0	0	0	0	0	0
420	Spec Density Zone 1	0	0	0	0	0	0	0	0
430	Spec Density Zone 2	0	0	0	0	0	0	0	0
440	Spec Density Zone 3	0	0	0	0	0	0	0	0
450	DTT Density Zone 1	0	0	0	0	0	0	0	0
460	DTT Density Zone 2	0	0	0	0	0	0	0	0
470	DTT Density Zone 3	0	0	0	0	0	0	0	0
480	Comb Density Zone 1	0	0	0	0	0	0	0	0
490	Comb Density Zone 2	0	0	0	0	0	0	0	0
500	Comb Density Zone 3	0	0	0	0	0	0	0	0
510	Wideband	0	0	0	0	0	0	-53385	0
515	Signalling Interconnection	0	0	0	0	0	0	0	0
519	TK Undesignated to Svc Bands	0	0	0	0	0	0	-53385	0
520	Total Trunking	0	0	0	-485688	0	0	0	0
	Interexchange Basket								
600	Total Interexchange	180790	0	0	0	0	0	0	0
	Marketing Basket								
800	Total Marketing	0	0	0	2876592	0	0	0	0
900	**Total Across All Baskets**	4635646	-2974032	0	0	0	0	0	0

SUPP-EXG2
Filing Date: 12/17/97
Filing Entity: CBTC
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Supplemental Price Cap Tariff Review Plan
Exogenous Cost Shifts (Inter- & Intra- Basket)

		SS7	COE Mntce	Host/Remote	Zone Differential	FCC Orders	Shared Muxes + TST Reinitialized	Other (GSF)	Total
	Common Line Basket								
100	Total Common Line	0	-938484	0	0	0	0	-581964	1080615
	Traffic Sensitive Basket								
110	Local Switching	0	0	0	0	0	0	0	-4813524
120	Information	0	0	0	0	0	0	0	0
130	Database Access	0	0	0	0	0	0	0	0
140	800 DB VertSvcs Sub-Cat	0	0	0	0	0	0	0	0
150	Billing Name and Address	0	0	0	0	0	0	0	0
154	Local Switching Trunk Ports	0	0	0	0	0	0	0	1766049
158	STP Port Terminations	0	0	0	0	0	0	0	53385
159	TS Undesignated to Svc Bands	0	2686812	0	0	0	0	-152616	2070528
160	Total Traffic Sensitive	0	2686812	0	0	0	0	-152616	-923562
	Trunking Basket								
200	Interconnection Charge	0	0	-297060	0	0	951303	-389268	-1831241
210	Tandem Sw Tprt (undesignated)	0	0	297060	0	0	0	0	1907588
220	Density Zone 1	0	0	0	0	0	0	0	0
230	Density Zone 2	0	0	0	0	0	0	0	0
240	Density Zone 3	0	0	0	0	0	0	0	0
250	VG/WATS,MT,TGH (undesignated	0	0	0	0	0	0	0	0
260	Density Zone 1	0	0	0	0	0	0	0	0
270	Density Zone 2	0	0	0	0	0	0	0	0
280	Density Zone 3	0	0	0	0	0	0	0	0
290	Audio & Video	0	0	0	0	0	0	0	0
300	High Cap & DDS (undesignated)	0	0	0	0	0	0	0	0
310	DS-1 SUB-CAT (undesignated)	0	0	0	0	0	0	0	0
320	Spec Density Zone 1	0	0	0	0	0	0	0	0
330	Spec Density Zone 2	0	0	0	0	0	0	0	0
340	Spec Density Zone 3	0	0	0	0	0	0	0	0
350	DTT Density Zone 1	0	0	0	0	0	0	0	0
360	DTT Density Zone 2	0	0	0	0	0	0	0	0
370	DTT Density Zone 3	0	0	0	0	0	0	0	0
380	Comb Density Zone 1	0	0	0	0	0	0	0	0
390	Comb Density Zone 2	0	0	0	0	0	0	0	0
400	Comb Density Zone 3	0	0	0	0	0	0	0	0
410	DS-3 SUB-CAT (undesignated)	0	0	0	0	0	0	0	0
420	Spec Density Zone 1	0	0	0	0	0	0	0	0
430	Spec Density Zone 2	0	0	0	0	0	0	0	0
440	Spec Density Zone 3	0	0	0	0	0	0	0	0
450	DTT Density Zone 1	0	0	0	0	0	0	0	0
460	DTT Density Zone 2	0	0	0	0	0	0	0	0
470	DTT Density Zone 3	0	0	0	0	0	0	0	0
480	Comb Density Zone 1	0	0	0	0	0	0	0	0
490	Comb Density Zone 2	0	0	0	0	0	0	0	0
500	Comb Density Zone 3	0	0	0	0	0	0	0	0
510	Wideband	0	0	0	0	0	0	0	-53385
515	Signalling Interconnection	0	0	0	0	0	0	0	-1772808
519	TK Undesignated to Svc Bands	0	-1772808	0	0	0	951303	-389268	-1749846
520	Total Trunking	0	-1772808	0	0	0	951303	-389268	-1749846
	Interexchange Basket								
600	Total Interexchange	0	24480	0	0	0	0	84252	289522
	Marketing Basket								
800	Total Marketing	0	0	0	0	0	0	0	2876592
900	Total Across All Baskets	0	0	0	0	0	951303	-1039596	1573321

Price Cap Tariff Review Plan
CALCULATION OF RATE CAPS: RESIDUAL MOU
Per-Minute Residual Charges

	Calculation of Per-Minute Originating Charges	Source	Trans.# or LtrFiling Dt	Total Jurisdiction (a)	Common Line (b)	Basket Trunking (TIC) (c)	Marketing (d)
2400	Premium Local Switching Rate (Dec. 31, 1997)	r1400		0.00680000	N/A	N/A	N/A
2410	Premium Originating Carrier Common Line Rate (Dec. 31, 1997)	r1410		0.00591100	N/A	N/A	N/A
2420	Premium Interconnection Rate (Dec. 31, 1997)	r1420		0.00248100	N/A	N/A	N/A
2430	Proposed Premium Local Switching Rate	RTE1,r210d		0.00579800	N/A	N/A	N/A
2440	Maximum Rate per Premium Originating MOU	r2400+r2410+r2420-r2430		0.00939400	N/A	N/A	N/A
2450	CL Rev at capped (t-1) rates (excl.Line Ports above Basic)	r610		N/A	60,186,793	N/A	N/A
2460	Total Chargeable CCL Minutes of Use	r200b+r230b		N/A	2,713,745,000	N/A	N/A
2470	Common Line Revenue per MOU (t-1)	r2450/r2460		N/A	0.022178	N/A	N/A
2480	1 + % Change in PCI	r1910		N/A	1.0180	N/A	N/A
2490	Common Line Revenue per MOU (t)	r2470*r2480		N/A	0.022577	N/A	N/A
2500	Total Maximum End User Revenue (t)	r2090		N/A	44,668,849	N/A	N/A
2510	Total Maximum PICC Revenue (t)	r2390		N/A	10,350,110	N/A	N/A
2520	Total Other CL Revenue (t)	r620		N/A	0	N/A	N/A
2530	Total Maximum End User, PICC, and Other CL Revenue	r2500+r2510+r2520		N/A	55,018,958	N/A	N/A
2540	1 + g/2 (if using PCI formula with g)	if r1670=0, 1; else, 1+(PCI1,r330)/200		N/A	1.0000	N/A	N/A
2550	EUCL, PICC, & Other CL Rev/MOU (t)	r2530/(r2460*r2540)		N/A	0.02027418	N/A	N/A
2560	Maximum CCL Rev/MOU (t)	Max. of 0 & (r2490-r2550)		N/A	0.00230252	N/A	N/A
2570	Maximum CCL Rev (t)	r2560*r2460		N/A	6,248,450	N/A	N/A
2600	Residual TIC and Marketing Revenue (total)	r1920-r2090-r2390		N/A	N/A	4,645,212	428,339
2610	Residual TIC Revenue (to be recovered across all MOU)	(r1920-r690)/r1920*r2600		N/A	N/A	2,660,200	N/A
2620	Suppl. Residual TIC Revenue (LEC Transport MOU only)	r690/r1920*r2600		N/A	N/A	1,985,012	N/A
2630	Residual Revenue per Orig MOU: Common Line	r2570/r230		N/A	0.00606758	N/A	N/A
2640	Residual Revenue per Orig MOU: TIC (all Minutes)	r2610/r230		N/A	N/A	0.00181810	N/A
2650	Suppl.l Residual Revenue per Orig LEC Transport MOU	r2620/r290		N/A	N/A	0.00135664	N/A
2660	Residual Revenue per Orig MOU: Marketing	r2600/r230		N/A	N/A	N/A	0.00041594
2670	Common Line Rate per Premium Originating MOU	Min. of r2630b & r2440a		N/A	0.00606758	N/A	N/A
2680	Common Line Rate per NonPremium Originating MOU	r2670*0.45		N/A	0.00273041	N/A	N/A
2690	TIC Rate per Premium Originating MOU (all MOU)	Min. of r2640c & r(2440a-2670b)*r(2640/(2640+2650))		N/A	N/A	0.00181810	N/A
2700	TIC Rate per NonPremium Originating MOU (all MOU)	r2690*0.45		N/A	N/A	0.00081815	N/A
2710	Suppl. Rate per LEC Transport Prem Originating MOU	Min. of r2650c & r(2440a-2670b)*r(2650/(2640+2650))		N/A	N/A	0.00135664	N/A
2720	Suppl. Rate per LEC Transport NonPrem Originating MOU	r2710*0.45		N/A	N/A	0.00061049	N/A
2730	Marketing Rate per Premium Originating MOU	Min. of r2660d & (r2440a-r2670b-r2690c-r2710c)		N/A	N/A	N/A	0.00015168
2740	Marketing Rate per NonPremium Originating MOU	r2730*0.45		N/A	N/A	N/A	0.00006826
2750	Total Maximum Originating Per Minute Revenue	col.b: r230b*r2670b col.c: r230c*r2690c+r290c*r2710c col.d: r230d*r2730d		N/A	6,248,448	4,645,210	156,201
	Calculation of Per-Minute Terminating Charges						
2800	Residual Revenue after Orig MOU Rates: CL & Mktg	col.b:r2570-r2750; col.d:r2600-r2750		N/A	2	N/A	272,138
2810	Residual Revenue after Orig MOU Rates: TIC (All MOU)	r2610c - (r230c*r2690c)		N/A	N/A	0	N/A
2820	Suppl. Residual Rev after Orig MOU Rates: TIC (LEC Transport	r2620c - (r290c*r2710c)		N/A	N/A	6	N/A
2830	Rate per Premium Terminating MOU: CL & Mktg	r2800/r200		N/A	0.00000000	N/A	0.00016161
2840	Rate per NonPremium Terminating MOU: CL & Mktg	r2830*.45		N/A	0.00000000	N/A	0.00007272
2850	TIC Rate per Premium Terminating MOU (all MOU)	r2810/r200		N/A	N/A	0.00000000	N/A
2860	TIC Rate per NonPremium Terminating MOU (all MOU)	r2850*.45		N/A	N/A	0.00000000	N/A
[illegible]	Suppl. Rate per LEC Transport Prem Terminating MOU	r2820/r260		N/A	N/A	0.00000000	N/A
[illegible]	[illegible] NonPrem Terminating MOU	r2870*.45		N/A	N/A	0.00000000	N/A

Cincinnati Bell Telephone
1998 Access Reform Tariff Filing
Transmittal # 711

EXG-TST REIN

DEVELOPMENT OF PROPOSED ACTUAL MINUTE OF USE

Ln #	Description	Source	
	Original 1993 LTR Filing	**Transmittal # 634**	
1	DS1 Channel Mileage (Fixed) Rate	Transmittal # 634	$120.13
2	Minute of Use (MOU)	9000*24	216,000
3	Tandem Transport - Fixed Rate/MOU	L1/L2	0.0006
4	DS1 Channel Mileage (Per Mile) Rate	Transmittal # 634	$15.40
5	Minute of Use (MOU)	9000*24	216,000
6	Tandem Transport - (Per Mile) Rate	L4/L5	$0.0001
	Current Transport Development		
7	DS3 Channel Mileage (Fixed) Rate	Switched Access Tariff	$1,128.29
8	Minute of Use (MOU)	9162*672	6,156,864
9	Tandem Transport - Fixed Rate/MOU	L7/L8	$0.000183
10	DS3 Channel Mileage (Per Mile) Rate	Switched Access Tariff	$109.09
11	Minute of Use (MOU)	9162*672	6,156,864
12	Tandem Transport - (Per Mile) Rate	L10/L11	$0.000018
	Transport Rate Difference		
13	DS3 Channel Mileage (Fixed) Rate	L3-L9	$0.000417
14	DS3 Channel Mileage (Per Mile) Rate	L6-L12	$0.000082
15	Tandem Switched (Fixed) MOU	Transmittal # 706	853,759,000
16	Tandem Switched (Per Mile) MOU	Transmittal # 706	9,557,788,000
17	Tandem Switched (Fixed) TIC Shift		$355,798
18	Tandem Switched (Per Mile) TIC Shift		$783,739
19	Total TIC Shift		$1,139,536

DEVELOPMENT OF UNIVERSAL SERVICE CONTRIBUTION

	Description	Source	
1	CBT Interstate Revenue	FCC Form 457	$11,801,419
2	High Cost and Low Income Factor	FCC Public Notice DA: 97-2392	0.0319
3	Quartely Contribution	Ln1*Ln2	$376,465
4	Annualization Factor		4
5	Annual Contribution	Ln3*Ln4	$1,505,861
6	CBT Interstate and Intrastate Revenues	FCC Form 457	$108,673,106
7	School, Library, and Rural Healthcare Factor	FCC Public Notice DA: 97-2392	0.0072
8	Quarterly Contribution	Ln6*Ln7	$782,446
9	Annualization Factor		4
10	Annual Contribution	Ln9*Ln10	$3,129,785
11	Total Annual Contribution	Ln5+Ln10	$4,635,646

ALLOCATION OF USF CONTRIBUTION TO BASKETS

	Description	Source	
1	CBT End User Revenue	FCC Form 457 Lines 34-38	$22,682,951
2	CBT IX Revenue	FCC Form 457 Lines 43-45	$919,886
3	Total	Ln1+Ln2	$23,602,837
4	Common Line Distribution %	Ln1/Ln3	0.9610
5	IX Distibution %	Ln2/Ln3	0.0390
6	CBT Annual USF Contribution	Page 1 Line 11	$4,635,646
7	Common Line USF Contribution	Ln4*Ln6	$4,454,856
8	IX USF Contribution	Ln5*Ln6	$180,790